

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 6, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, March 6, 2008 at Stoney Creek Inn & Conference Center, Johnston, Iowa. Commission members present were Kate Cutler, Chair; Gerald Bair, Vice Chair; and members Diane Hamilton, Greg Seyfer and Toni Urban.

Chair Cutler called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Bair so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to the next agenda item, and requested a motion to go into Executive Session pursuant to Iowa Code Sections 21.5(1)g for the purpose of receiving Division of Criminal Investigation background reports and 21.5(1)i for the purpose of discussing personnel matters. Commissioner Bair so moved, with Commissioner Seyfer seconding the motion. The motion carried unanimously on a roll call vote. (See Order No. 08-19)

The Commission returned to open session at 8:50 AM following a motion by Commissioner Urban. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-20)

Chair Cutler requested a motion regarding the minutes. Commissioner Bair moved to approve the minutes from the January 10, 2008 Commission meeting as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-21)

Chair Cutler called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer provided the following information regarding future Commission meetings:

- April 17, 2008 Commission Meeting – Diamond Jo Worth, Northwood, IA
(Submissions due by April 3, 2008)
- June 5, 2008 Commission Meeting – Wild Rose Emmetsburg, Emmetsburg, IA
(Submissions due by May 21, 2008)

Mr. Ketterer stated that the Commission's Annual Report would be available on the website soon.

Mr. Ketterer advised the licensees that the effective date of the rule requiring the posting of the actual aggregate payout versus the theoretical aggregate payout is March 15th. Once the February revenue numbers are available, the Des Moines office will be sending out information to show how the Commission is calculating the actual payback for the

previous three months and provide an opportunity for the facilities to look at the calculations to determine if they agree with them. The numbers will need to be posted by March 15th in order to comply with the new rule.

Chair Cutler moved to Public Comment. She advised that the Public Comment segment of the agenda was moved up due to the subject matter. Agenda Item 12 is where the Commissioners will have their discussion as to whether additional gambling licenses should be granted within the state.

Mr. Ketterer advised that everyone signed up for Public Comment, except one, wishes to address the issue of additional licenses. Doug Vail, representing the Iowa Horsemen's Benevolent and Protective Association (IAHBPA), wanted to address the Commission regarding the contract with Prairie Meadows Racetrack & Casino (PMR&C) for the upcoming live racing meet. The following individuals signed up to address the issue of additional licenses: Steve Siegel, Chris Bearden, Ed Hardin, Steve Burr, Steve Wandro and Dennis Julius.

Chair Cutler advised those addressing the issue of additional licenses that their comments should be confined as to whether or not the Commission should consider granting additional licenses in Iowa, not what gambling project might be proposed for their community. She requested that remarks be kept to a maximum of five minutes. She again requested that no specific information on proposed projects in the various communities be presented as this was not the appropriate venue to do so. Chair Cutler requested that each speaker state their name, spell their name and indicate who they are representing to ensure accurate records.

Doug Vail, representing the IAHBPA, stated that he was present to answer any questions regarding the Agreement pertaining to racing at Prairie Meadows for the 2008 season. He also addressed the question as to why the standardbreds are seeing an increase in their foal population while the thoroughbreds are experiencing a decrease. Mr. Vail stated there are two things that drive the thoroughbred breeding program: opportunities to run and purses. He noted that from 2000 to 2007, the quarter horse and thoroughbred breeds have seen a decrease in purse money and the number of racing opportunities while the standardbreds have seen an increase in purse money and the number of opportunities to run.

Chair Cutler called on Steve Siegel, representing River Hills Riverboat Authority in Wapello County. He noted that the county started their effort to obtain a gaming license approximately 4½ years ago when the referendum was passed, and submitted a license application in November 2004. Mr. Siegel stated that Ottumwa has patiently waited for another opportunity to seek a license. He pointed out that revenues for Iowa casinos, overall, have increased by approximately 47% over the past six years – an average of 8% growth per year. Mr. Siegel stated that Ottumwa and Wapello County are seeing some job growth, will begin receiving Iowa Public Radio, the trail system is being built up, and recently converted an old rail bridge into a pedestrian crossing, which is a part of the

American Gothic Welcome Center in Eldon. He advised that the residents of the county have worked very hard to make these things happen, and believe that a casino in the community would help them make more things happen, and that the revenue growth and opportunity are there. Mr. Siegel expressed their hope that the Commission would provide the communities the opportunity to apply for additional licenses.

Chair Cutler called on Chris Bearden, Tama County Mayor and representing Tama County Enrichment, Tama County's non-profit group. Mr. Bearden advised that Tama County's largest employer, Tama Paperboard, donated 126 acres of land to the city, with the intention that it would be utilized for an ATV recreational park. At that time, the city also received a 40 acre lake, which met all of the requirements for a moored gaming barge. At the August 21, 2007 regular Council meeting, the city went public with the idea of putting a casino on the lake, leaving them 4 days to gather 903 signatures. One thousand sixty-one signatures were collected, enough for the proposal to be placed on the general election ballot in November. Individuals were busy during September and October promoting the idea throughout the various communities in the county. On November 6th, the referendum passed with 52% of the county voting in favor of the proposal. Mr. Bearden expressed his belief that with more time to promote the idea the percentage would have been higher. He stated there was no organized opposition during the campaign. Mr. Bearden advised that if the Commission were to proceed with additional licenses, there are several unique ways in which Tama plans on increasing out-of-state gaming revenues throughout the industry, therefore, increasing state revenues. Mr. Bearden, on behalf of Tama County, requested that the Commission allow the licensing process to move forward so that Tama can create the type of economic opportunities and growth experienced in communities that have received gaming licenses in the past. He noted Tama has suffered job losses and economic decline for many years, and has watched young people leave a city that was once a vibrant and exciting place to live and work. Mr. Bearden requested the Commission give Tama the opportunity to participate in the application process once it is in place.

Chair Cutler called on Ed Hardon, the owner/operator of a heating/cooling business in Tama. He advised that the community has seen a decrease in the commercial area. Mr. Hardon stated it was his understanding that the Commission is designed to help with economic development. He invited the Commission to come to Tama to see how a casino would benefit the county.

Chair Cutler called on Steve Burr, a retired high school principal from Tama. Mr. Burr stated that he has over 40 years of experience working with young people, and sees nothing on the horizon that would provide them with a greater opportunity or economic support for the resurrection of the community. Mr. Burr stated that he has witnessed an exodus of the young people seeking a post-secondary education and then out-of-state job hunting. He urged the Commission to support Tama's candidacy for a license.

Chair Cutler called on Steve Wandro, representing the interests of Landmark Hotel Casino, the Franklin County applicant that did not receive a license in 2005. Mr. Wandro

stated they are in favor of expanding the number of gaming licenses within the state, and requested that the Commission not forget rural Iowa. He noted that some of his law practice is representing small school districts in the state. There have been times where he feels rural Iowa has been forgotten. Mr. Wandro asked that the Commission take into consideration the fact that the facilities and licenses have provided mechanisms to raise up the smaller counties. It is his opinion those same mechanisms should be afforded to the other counties who desire those same opportunities. He pointed out that he had read an article which stated the non-profit group in Worth County was distributing \$4,000 to every child residing in Worth County who wanted to attend college. He asked about the children in Franklin County, and wondered why Franklin County should be denied that opportunity.

Chair Cutler called on Dennis Julius, Chair of the Jasper County Gaming Corporation. He shared the following activities taking place in Jasper County:

- The Jasper County Gaming Corporation was established as a 501(c) organization at the grass roots level to support the economic opportunities and benefits that a casino resort would generate for Jasper County citizens, communities, schools and other civic organizations. The group is governed by a nine member board representing several communities in Jasper County.
- A petition drive has been started to place the referendum on the ballot. 1,485 signatures were required, 2,700 were submitted, and the Board of Supervisors accepted 2,570. The signatures have been turned over to the County Auditor, and at this time, the referendum vote is scheduled for April 8th.

Mr. Julius stated that the State of Iowa and the Commission have established the following three goals for gaming in Iowa: add jobs, spur economic development, enhanced tourism opportunities and the economic factors included with those opportunities. He advised the citizens of Jasper County and Newton meet and would fulfill all of the goals. Mr. Julius stated the Jasper County Gaming Corporation looks forward to attending the April Commission meeting to share a positive end result from the referendum vote.

As there were no additional speakers under Public Comment, Chair Cutler thanked everyone for their comments, and moved to the Rules submitted under Notice of Intended Action. She called on Mr. Ketterer, who provided the following summary: Item 1 provides a definition for "occupation"; Items 2 and 3 change the words "categories" and "class" to "occupation"; Item 4 changes what offenses would be an automatic disqualification for an occupational license. Mr. Ketterer advised that in discussions with legal counsel, Assistant Attorney General Jeff Peterzalek, concerns were raised about eliminating thefts over \$100 as an automatic disqualifier. Mr. Peterzalek suggested that rather than eliminating the offense, the dollar amount should be raised to the level of an aggravated misdemeanor in Iowa and adjoining states so that those types of offenses would be automatic disqualifiers. Mr. Ketterer noted that Mr. Peterzalek is concerned

about identity theft and fraud situations. Mr. Ketterer stated that when the public hearing is held in a few weeks, the above changes may be considered prior to the rules coming back to the Commission for final adoption.

Mr. Ketterer resumed his summary: Items 5-8 amend existing rules to correspond with national uniform rules of racing; Item 9 allows the Administrator or Commission representative to require additional testing of a gambling game; and Items 10-13 are changes in terminology in internal controls to reflect industry standards. Mr. Ketterer recommended the Commission approve the rules as submitted under Notice of Intended Action.

Hearing no comments or questions concerning the proposed rules, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the proposed rule changes as submitted under Notice of Intended Action. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-22)

Chair Cutler called on Dubuque Greyhound Park and Casino (DGP&C). Bruce Wentworth, General Manager, presented their 45-day Plan for Commission approval. Brian Carpenter, Director of Racing, was also present to answer any questions concerning the submission. Mr. Wentworth advised that 14 contract kennels have returned from last year, with 11 of those being Iowa-based. Racing will commence the last Saturday in April. There are no changes in the racing performances.

Commissioner Bair asked for clarification that 2008 would be the 24th year of racing at DGP&C. Mr. Wentworth advised that racing commenced on June 1, 1985. Commissioner Bair asked about the growth of the industry in the early years versus today. Mr. Wentworth stated that 1985-1989 could be considered as one era as track handle was as high as \$67 million. Wisconsin opened five pari-mutuel facilities in 1989, and racing revenues dropped to \$41 million and have been dropping ever since. Mr. Wentworth advised that DGP&C's racing stock is fairly stable. He noted that he has been following Dubuque greyhounds in Florida, and two of them just did very well; indicating they are able to compete in other states.

Commissioner Bair asked for additional clarification on the track handle. Mr. Wentworth stated that from 1989-1990, the track handle declined from \$67 million to \$41 million, and has continued to decline to around \$20 million. He advised that racing accounts for about 2% of the facility's business, or approximately \$5 million.

Hearing no further comments concerning the 45-day Plan for DGP&C, Chair Cutler moved to the additional contracts. Mr. Wentworth submitted the following contracts for Commission approval:

- Houlihan's Restaurant – Restaurant Comps for RR Players
- Rymax – Promo Give Away Items for RR Players
- Hilton Garden Inn – Guest Lodging

- IGT/Mariposa Consulting – Consulting Services
- Rosnet, Inc. Greyhound Data Center – Computer Software for Racing Data
- The Lamar Companies – Outdoor Billboard 7759
- International Gaming Technology (IGT) – Table Games ID System Purchase
- International Gaming Technology (IGT) – Table Games ID System Maintenance

Hearing no comments concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the 45-day plan and additional contracts as submitted by DGP&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-23)

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Clear Channel Broadcasting, Inc. – Advertising Expense
- Des Moines Register – Advertising Expense
- Home Boy Enterprises, Ltd. – Concrete Contractor
- NALCO – HVAC Water Treatment Service
- Nuckolls Concrete Services – Concrete Contractor
- Ancillary Agreement Pertaining to Racing at Prairie Meadows for 2008 Season (Thoroughbred Horses)

Derron Heldt, Director of Racing, was also present to answer any questions pertaining to the Ancillary Agreement.

Commissioner Urban asked what PMR&C did with \$1.5 million of concrete from Home Boy Enterprises and Nuckolls Concrete Services. Mr. Palmer advised that it probably was for the parking lot. Mr. Heldt indicated these are quotes for proposed work in 2008, noting there will be repairs to the apron and on the backside as well. Commissioner Bair requested that the Commission be kept informed of the expenditures.

Chair Cutler moved to the Ancillary Agreement and noted that Commission members had received an updated version the previous evening. Mr. Palmer advised that the agreement in front of the Commission is the same one as sent earlier, except that all parties have signed off on the agreement. He noted there was a slight change to Item 9 regarding the number of races which the IAHBPA signed off on.

Mr. Ketterer, referring to a letter from Jack Bishop, Chairman of Prairie Meadows Racetrack and Casino, Inc.'s Board in response to questions posed by Mr. Ketterer at the November Commission meeting, asked Mr. Palmer about the statement that one of PMR&C's goals was to have the live racing program become more self-supporting, and that they would continue to evaluate the number of racing days, which days of the week are best for live racing, whether races needed to be written for larger fields, whether more Iowa-bred races should be written, more purses devoted to Iowa-bred horses, the amounts

for claiming races, how the betting pools can be improved, and any other matters deemed essential to improve the overall live racing experience at PMR&C. Mr. Ketterer asked if the Commission could learn what the Board's final analysis was on the above issues at the April meeting. Mr. Palmer advised it is a work in progress at this time, with several areas under review.

Commissioner Urban stated that she read an article in The Des Moines Register that indicated PMR&C was giving \$4 million to the Bass Pro Shop project from "other sources". She asked where the money was coming from. Mr. Palmer advised that the money would come out of PMR&C's general fund and from fees that will be generated that have not previously been generated. Commissioner Urban inquired as to what type of fees. Mr. Palmer stated ATM fees, credit card fees, poker break, etc. He noted that the facilities have the ability to determine what fees they charge for the above transactions. Mr. Palmer stated that the project is a great economic development project for Polk County and the community. The money designated for this project will not affect PMR&C's contributions to Polk County, the community, or the non-profit organizations.

Commissioner Hamilton asked about the hotel for the PMR&C property. Mr. Palmer stated that if the legislation pertaining to the required referendums is resolved in the legislature, they hope to build the hotel sooner rather than later.

Chair Cutler asked if the city and county were contributing to the Bass Pro project as well. Mr. Palmer answered in the affirmative, but did not know how much each was contributing.

Commissioner Bair expressed concern over PMR&C's plan to either raise or impose fees for the first time in order to raise the \$4 million for the Bass Pro project; that they were leaving themselves open to criticism. Mr. Palmer stated that PMR&C has given \$37 million back to the community, including rent. He noted that PMR&C's mission statement is to build and grow agriculture, industrial development, tourism and jobs. PMR&C sees the Bass Pro project as part of their charge. He reiterated that these funds are in addition to what they are already doing for the county and community.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts and the Agreement pertaining to racing at PMR&C for the 2008 Season (Thoroughbred Horses) as submitted. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-24)

As Drs. Tony and Sally Prickett were not present at this time, Chair Cutler moved to the review of the year-to-date economic impact statements submitted to the Commission by the licensees. Mr. Ketterer noted the licensees are required to submit this report on a quarterly basis, which are then compiled into the annual report by one of the licensees. He stated the reports are not audited, but provide an avenue to track the economic impact

to the state and the use of Iowa vendors in compliance with the Iowa Code. Expenditures in the four categories tracked were as follows: Payroll and related expenses - \$280 million; and Equipment, supplies and services - \$294 million, 90% of which was purchased through Iowa vendors. Mr. Ketterer clarified that 75% of the items were purchased in Iowa where the licensee has a choice. There are some purchases, such as gaming equipment that can not be made in Iowa. For statutorily required payments – gaming taxes, regulatory fees, admission fees, payroll taxes (both federal and state) and other taxes, the licensees paid \$350 million. With regard to charitable contributions and donations, the non-profit licensees have donated over \$31 million the past year to qualified recipients across the state and regions surrounding Iowa. Mr. Ketterer stated that amount represented a significant stimulus for worthy causes within the communities. Additional donations made by the licenses other than through the non-profit licensee constituted another \$5 million, and city and county contributions totaled \$44 million. Mr. Ketterer noted that of the \$44 million, \$36-37 million was to Polk County and the City of Dubuque as the two cities own the racetracks in their respective county/city. Mr. Ketterer stated that the total economic impact by the licensed facilities is just over \$1 billion for the year 2007.

Hearing no comments or questions for Mr. Ketterer on the Economic Impact report, Chair Cutler moved to the next agenda item – National Problem Gambling Awareness Week. Mark Vander Linden, Executive Officer of the Iowa Gambling Treatment Program (IGTP), thanked the Commission for its recognition of National Problem Gambling Week and the work being done to address problem gambling in the state. He provided a quick overview of the duties of the IGTP. The IGTP is funded by one-half of one percent of adjusted gross receipts from the casinos and Iowa Lottery. Mr. Vander Linden stated that the Uniform Standards that were developed by the Commission in collaboration with IGTP are strategic, proactive and demonstrate a dedication to promoting responsible gambling. He noted that the standards would not work unless the casinos themselves and their employees see the customers who are in over their head or in distress and guide them toward the help they need and deserve. Mr. Vander Linden provided examples of collaboration between the licensed facilities and the gambling treatment providers.

Mr. Vander Linden advised that National Problem Gambling Awareness Week is the week of March 9-15, and provides an opportunity to honor the hard work being done as well as acknowledge the repercussions associated with problem gambling on individuals, families and communities. He noted that problem gamblers suffer enormous social, economical and psychological problems – lost relationships, bankruptcy, substance abuse, and extreme guilt and shame. IGTP believes that no Iowan should have to endure those problems; their stance is that there is hope and help is available. Due to an ongoing commitment to address problem gambling, there is a safety net in place from the gambling floor to treatment providers around the state to the Iowa Legislature. Mr. Vander Linden pointed out that due to Iowa's ongoing commitment to addressing problem gambling, Iowa is seen as a leader in the effort to promote responsible gambling and address problem gambling. He expressed his belief that there is a finish line in this

area, but Iowa has not yet reached it. He stated that Iowa and the communities would benefit from a continued collaboration and an expanded collaboration between casinos, casino employees and the agencies that serve problem gamblers.

Commissioner Bair asked how many people have gone through the program or some phase of it. Mr. Vander Linden stated that the number of Iowa residents receiving treatment last year was approximately 1,150. He stated that Iowa does not provide funding for out-of-state individuals. Commissioner Bair pointed out that 50% of the people coming to the casinos are from Nebraska. He asked if they have treatment services available. Mr. Vander Linden advised that Nebraska does provide funding for treatment centers. He stated one center has offices in both Council Bluffs and Omaha.

Hearing no further comments or questions for Mr. Vander Linden, Chair Cutler recessed the meeting for a short break.

Chair Cutler reconvened the meeting and called on Mr. Ketterer for the recognition of Drs. Tony and Sally Prickett. Mr. Ketterer advised that Drs. Tony and Sally Prickett informed the Commission late last year that they would not be renewing their contract as Commission veterinarians at Bluffs Run. Dr. Sally's decision to accept a position with the Iowa State Veterinary School and Dr. Tony's health issues called a halt to their 20-year run. Mr. Ketterer stated that he first met Dr. Sally as a potential applicant for the first IRGC Executive Director's position approximately 25 years ago. A friendship and mutual respect developed between them, and eventually Dr. Tony, that has stood the test of time. Mr. Ketterer stated that during the Pricketts' tenure at Bluffs Run, there were never any questions about where the priorities lie in racing at Bluffs Run – the health, safety and welfare of the greyhounds were always their first priority. Their professionalism and integrity is and was impeccable. Mr. Ketterer presented the Pricketts with a plaque that read: "Drs. Tony and Sally Prickett, In Appreciation of your Outstanding Service as Veterinarians at Bluffs Run Greyhound Racetrack for the Iowa Racing & Gaming Commission, January 1, 1989 – December 31, 2007.

Dr. Sally thanked all the Commission members from 1983 to the present for their commitment to the development and maintenance of one of, if not the finest, reputations in the greyhound industry in the country. She also thanked Mr. Ketterer for being a strong and steady leader, and Commission staff for their part in developing the program as well. She also recognized Dr. Walter Hyde, of the Iowa State Racing Chemistry Lab, who has also been involved with the racing program almost from the beginning. Dr. Sally called Dr. Hyde one of the finest racing chemists in the country, possibly the world. She expressed their appreciation for being able to be involved in the industry for the length of time they have.

Chair Cutler moved to the discussion on the consideration of additional licenses. She noted that last March Commission members requested an additional 12 months to determine the impact on existing licensees of the four licenses granted in May 2005 and whether they met projections. Chair Cutler pointed out that the Commission received a

couple of studies that provided different information on how many casinos the state of Iowa could support based on Iowa's population and projected visitors from bordering states. She noted that three communities who were not selected at that time have expressed interest in being considered should the Commission decide to grant additional licenses. Chair Cutler stated that the Commission does not have a moratorium in place, but simply an agreement between the Commission and potential applicants that the Commission would look at the numbers and the economy, and that a discussion would be held to determine if the licensing process would be reopened or if a timeline could be established for the process to start. Chair Cutler stated that each of the Commissioners would express their thoughts on where the Commission is at and the potential for granting new licenses. She called on Commissioner Bair for his comments.

Commissioner Bair stated that while the Commission requested time to evaluate the impact of the new casinos, they did not want to completely shut the door on the applicants who were not selected. He asked the question: "Where are we at today versus three years ago when the licenses were granted?" He stated that most of the casinos that have been open for approximately two years are pretty close to the projections set forth in their applications. Commissioner Bair expressed concern that Waterloo has only been in operation for 6 months, which he does not feel is a sufficient amount of time to determine its impact on the existing casinos, and indicated a desire to have more time determine the facility's overall impact. He stated the Commission has a good handle on Northwood, Emmetsburg and the Great Lakes area, which are doing very well, and Riverside is doing well, particularly with the golf course and football in the fall. He noted there has been some impact on the existing facilities in the state, some of which was predicted and some that was not. Commissioner Bair pointed out that southeast Iowa has seen some dramatic impacts with consolidations, and changing from excursion gambling boats to moored barges and/or gambling structures. He expressed concern about moving forward with any licensing process at this time based on the economy, both state and national. He noted that the Cummings study indicated that a casino could be placed anywhere in Iowa and it would do OK; however, the Touch Play situation taught us that Iowans do not want a casino in every county or corner. Commissioner Bair stated that when the licenses were granted three years ago, the Commission was looking at the ability of those licensees to bring patrons from outside the state or if they could be considered a destination facility (i.e. Riverside and Waterloo). Commissioner Bair concluded his remarks by expressing his apprehension to aggressively move forward with more casinos in the state at this time.

Chair Cutler called on Commissioner Hamilton. Commissioner Hamilton stated that one of her biggest fears after the licenses were granted in May 2005 was that for one reason or another one would not do well, especially in light of the fact that Iowa already had a number of casinos and some were in close proximity. She noted that the Commission made good choices and those licensees have done well; however, revenues at existing casinos have decreased. With the possibility of a recession, Commissioner Hamilton stated that she feels it is premature to move forward with the process to grant additional licenses at this time.

Chair Cutler called on Commissioner Urban. Commissioner Urban noted the positive impact of the casinos on the state; but implying that a casino in every county would make it better would be irresponsible on the Commission's part. She stated that Commission members receive weekly reports from Mr. Ketterer, which show that revenues and admissions are up across the state; however, if the four new casinos are taken out of the mix, revenues are down between 5-6% at the older casinos. Commissioner Urban also expressed concern about the economy and feels that opening new casinos at this time would be irresponsible of the Commission when the number of foreclosures and jobs lost in the state are taken into account. Commissioner Urban also stated that she felt the licensing process should not go forward at this time. Recognizing the fact that those communities seeking a license have invested a lot of time, money and energy, she suggested establishing a time for them to come back before the Commission or a possible timeline of when the process might be able to move forward.

Chair Cutler called on Commissioner Seyfer. Commissioner Seyfer commenced his comments by stating that he agreed with the comments made by the other Commission members. Noting that he is just beginning his second year on the Commission, he indicated that it has been exciting to watch the new facilities open. He stated that all of the Commission members take this position very seriously, and that he spent a tremendous amount of time the past week reading information forwarded by the Des Moines office. Commissioner Seyfer also expressed concern about the economy. He noted there are several bills pending in the Legislature that could also have an impact on the gaming industry – the smoking ban, a possible moratorium – which would make this discussion a moot point, and a 60-mile radius limitation between facilities. Commissioner Seyfer concurred with the other Commission members that now is not the right time to consider additional licenses. He suggested the Commission try to come up with some guidelines to give the interested communities an idea as to when the Commission would be receptive to looking at the licensing process again.

Chair Cutler stated that the communities who applied previously have a place in the Commissioners' hearts, and wished they had the ability to make things better for every community facing economic problems that feels a casino would provide the needed boost. She concurred with the statements made by the other Commission members, also expressing concern about the revenue numbers and economic downturn. She noted that one or two facilities are experiencing some financial problems.

Based on the previous comments, Chair Cutler asked the members what milestones could be established to give the communities a timeline as to when they would be willing to look at this issue again. She indicated this would be a long process. She concurred with Commissioner Urban in that she does not want to put a moratorium in place; however, the Legislature could elect to do so, and the Commission would have to abide by that decision.

Commissioner Bair suggested deferring action for another year as a starting point, giving the Commission time to have a study conducted with parameters established by

Commission members. In many of the studies received, the Commission receives what the applicants want to show. He noted that during the last application process, Will Cummings of Cummings Associates indicated that a casino could be located anywhere in Iowa and it would make money. Commissioner Bair stated that he was looking for a study that would not only show the revenue potential, but also give the true economic impact on a community – jobs, revenue for local businesses and the state, whether the money gambled is money not being spent elsewhere in the community, etc. He believes such a study could take a year to complete. Secondly, the Commission has a responsibility not only to the communities seeking a license, but to all Iowans, to establish some parameters that any applicant would need to meet before coming before the Commission. These parameters could come from the study or other groups around the state, and would be used to measure the applications whether they come from rural Iowa or the largest city.

Commissioner Seyfer asked Commissioner Bair if he would wait a year to do the study or commence the study before the year is up. Commissioner Bair stated he feels the Commission should initiate the study at the end of the current year, and then commence discussions in a year or whenever the study is complete. Commissioner Seyfer concurred; stating that he does not believe the Commission can proceed without a study, and added that he likes the idea of the Commission having some input as to what the study would cover.

Chair Cutler also concurred with the idea of a study, noting that while the Cummings study provided a lot of information for the previous application process, it was not particularly helpful in the end. She indicated the Commission will work to come up with the types of questions they would like to have answered, as well as reaching out to the various communities and current licensees to see if there are specific areas they would like the study to address. Chair Cutler noted there are only a handful of experts in this area across the country, and they all provide differing opinions. She stated that she would also like a year's time, with the Commission starting work now on the questions to be answered, the process required to have a study completed, and starting the study in approximately nine months. Chair Cutler asked Mr. Ketterer if he had any ideas on how long a study would take starting from ground zero rather than on information already in place.

Mr. Ketterer advised that Requests for Proposals (RFPs) would need to be sent out, but believes a study could be completed in less than six months. Chair Cutler stated that the Commission does not want someone that is going to hurry through the study, that the Commission is looking for validation of information that would be helpful to the Commission as well as the various communities and current licensees.

Commissioner Urban also concurred with the idea of a study as she feels it would be helpful to everyone. In listening to the timeframes being talked about, she suggested that maybe the Commission should not revisit this issue for 1½ - 2 years. She feels that with

the Commission having input as to what will be covered in the study, it will take at least a year to complete the study.

Commissioner Hamilton stated that she feels the Commission should wait and see what the Legislature is going to do with the three or four issues in front of them – the smoking ban, the moratorium, the 60-mile radius rule and striking the requirement for a referendum every 8 years. She wants to wait for any Legislative action before making any comment as to when the Commission will address this issue again.

Commissioner Bair stated that he concurred with Commissioner Hamilton, but pointed out that any Legislative action should be known in the next two months. He indicated that he would like to see the Commission move forward with establishing the parameters of the study, send out the RFPs, and then hold a discussion on additional licenses within so many days of the completion of the study, whether that be 30, 60, or 90 days.

Chair Cutler stated that Commissioner Bair had a good idea, but would still like to see the Commission set forth a concrete timeline, like sending out the RFPs in August. She asked Mr. Ketterer if that was too soon. Mr. Ketterer noted that Commissioner Bair had previously said something about waiting until the end of the year. Chair Cutler indicated that was the end of the legislative year. Mr. Ketterer then asked Chair Cutler if she was asking if August was too soon for informational purposes in determining how the casinos perform through this calendar year. Commissioner Hamilton stated that she would like to see what law changes come out of the Legislature, and then wait to see what effect those changes have on the casinos.

Commissioner Bair, noting that Waterloo would not be in operation for a full year until the end of June, stated that he felt the Commission could move forward in determining some basic concrete items the Commission would like to see covered in the study. He indicated that August might be a little ambitious; that it could take 6-9 months for the Commission members to establish the areas to be covered by the study. Chair Cutler asked about October. Commissioner Bair agreed that October might be doable.

Chair Cutler pointed out that if the Legislature passes a moratorium bill, the Commission would not move forward with this process. Additionally, she stated that one of the issues to be covered by the study would be the smoking/non-smoking issue to determine any possible impact.

Chair Cutler stated that she would like to see the Commission get their questions together in order to be able to solicit RFPs in October. Noting that many in the audience have seen the impact of gambling, both positive and negative, on their communities, she suggested they submit any questions they would like to see answered via e-mail to the Commission. Chair Cutler stated that she likes the idea of allowing 60-90 days for the Commission to review the study and application process prior to placing this item back on the agenda for discussion.

Commissioner Hamilton asked if the Commission as a whole was going to establish the list of ten criteria for the applicants to meet as suggested by Commissioner Bair. Commissioner Bair stated that he felt it was important for Commission members to have some of those issues in mind for purposes of the study, but does not feel they have to be finalized. He used the following as examples: bring in so many out-of-state patrons, or that a specific number of patrons would visit the casino. Commissioner Bair suggested that the parameters and the conclusions of the study would provide each applicant with the necessary information to be able to meet the criteria.

Commissioner Urban stated that in working backwards from the issuance of the RFP, it appears that it could be June 2009 before the Commission looks at this issue again. Commissioner Bair reiterated that he does not want to set a concrete date, but would prefer to see a timeline based on Commission activity or milestones established by the Commission. Commissioner Hamilton stated that was not what Chair Cutler wanted.

Chair Cutler stated that she would like to establish a date certain when the RFP would be sent out, and once the responses to the RFP are received, the Commission should be able to determine how long the study would take, thus allowing the Commission to establish a timeline for future discussions. She stated that no one on the Commission has any idea how long this type of study would take. Chair Cutler stated the last Cummings study, which was an update of a previous study, took approximately 2-3 months; therefore, she believes the type of study the Commission is proposing could take up to 6 months.

Commissioner Bair asked Mr. Ketterer if the Commission, from a staff standpoint, was in a position to help coordinate this project. Mr. Ketterer stated that staff could do the legwork for the Commission, but feels if the Commission proceeds with the approach that has been set forth, it would be a good idea to establish a sub-committee to work with staff a couple of times between Commission meetings to ensure staff is heading in the right direction and carrying out the wishes of the Commission members.

Chair Cutler concurred, noting that once the respondents to the RFP have been narrowed down, the Commission would want to be part of the presentations so that the individuals/companies would have an understanding of what the Commission is expecting of the study. Mr. Ketterer stated that staff can make the preliminary contacts, but feels those individuals/companies should come before the Commission as a whole, which would require an open meeting in order to keep the process transparent to the public.

Commissioner Bair suggested that Commission members put together an outline of some of the questions/information they would like to see covered by the study by the April 17th Commission meeting, at which time the sub-committee could be appointed.

Chair Cutler stated those steps should provide additional clarity to the potential applicants as to where the process is going. At this time, there is a consensus on the Commission that the application process will not be opened. Chair Cutler asked Mr. Ketterer if a

motion was required. Mr. Ketterer advised they could if they so chose as the agenda indicated possible action; however, he did not believe a motion was necessary as their comments would be preserved for the record. Chair Cutler asked if all Commission members were in agreement that by the April meeting the afore-mentioned subcommittee would be appointed and a more concrete timeline as to how the Commission will proceed with the study and a more general timeline once the study is done.

Commissioner Urban stated that she is sympathetic to all of the communities who have appeared today, and understands their concerns, which is why she is pushing for some timeline for reconsideration.

Chair Cutler concurred with Commissioner Urban's statement, and indicated that was the goal for the April meeting.

Commissioner Seyfer stated that he does not feel the Commission will be able to say at the April meeting that on March 1, 2009 the licensing process would be opened up. It is clear the Commission wants to do a study, and there is homework that needs to be completed prior to the study commencing. He understands that the communities are looking for a date certain; however, he does not believe that is possible at this time.

Chair Cutler stated it is possible once the Commission reviews the results of the study they will decide not to open up the licensing process. The discussion today has been based on the presumption that the license application process will be opened up, but she advised that it should not be taken as a foregone conclusion.

Hearing no further comments or questions on the additional license issue, Chair Cutler moved to the discussion on future violations of the voluntary self-exclusion law and appropriate sanctions. Mr. Ketterer noted the Commission heard concerns expressed by two general managers regarding the penalties at the January meeting. He recommended that the subcommittee be reconvened, and suggested they meet with members of the industry to review this matter. The subcommittee should also take into account a letter submitted by Jesus Aviles, General Manager at Diamond Jo Worth (DJW), which was provided to Commission members. Mr. Ketterer asked if the Commission members had any further comments or questions.

Commissioner Seyfer, a member of the subcommittee, suggested a meeting on the afternoon of April 16th with any individuals who are interested. Commissioner Bair, the other member of the subcommittee, indicated he would be there. Chair Cutler advised that the industry should be advised of the time and location of the meeting.

Chair Cutler moved to the excursion gambling boat and gambling structure license renewals, and called on Iowa West Racing Association (IWARA)/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino (Ameristar). Todd Graham, Executive Director of IWRA, the non-profit license sponsor for both Ameristar and Harrah's, requested the Commission's support of the license renewals for both properties. He

stated that IWRA's relationship over the years with Ameristar and Harrah's has been excellent. Mr. Graham advised that both properties are key corporate citizens in the Council Bluffs community. Mr. Graham provided a brief summary on recent developments and positive impacts of the properties on the community: a \$25 million pedestrian bridge over the Missouri River connecting Council Bluffs and Omaha, Playland Park Riverfront Development – a new 92-acre riverfront park on the Missouri, a new program called Iowa West Public Arts – a unique city-wide public art program that has identified 50 sites throughout the city for sculptures by an international artist, and a \$12 million artist's housing project in downtown Council Bluffs, which just received a \$5.4 million award from tax revenue from the Iowa Tax Authority. A goal in recent years has been to achieve additional development in the Mid America Center Arena and Convention facility. Mr. Graham stated the area has seen a significant amount of investment recently, including the construction of a 16-screen IMAX theater, the recent opening of a Marriott Spring Hill Suites Hotel and the construction of the new Hilton Garden Inn at the Horseshoe Casino.

Mr. Graham stated that Council Bluffs has received recognition as a result of many of these projects. The Playland Riverfront Park has been recognized as one of Iowa's Great Places, and Council Bluffs was recently recognized by the Iowa Department of Economic Development and the Travel Federation of Iowa as a 2007 Tourism Community. Mr. Graham concluded his remarks by reiterating IWRA's request that the licenses for Ameristar and Harrah's be renewed, and introduced Teresa Meyer, General Manager of Ameristar.

Ms. Meyer submitted the following contracts for Commission approval:

- Data Business Equipment – Cage Equipment & Service Contract
- Markel BMW – Marketing Promotions

Chair Cutler asked Ms. Meyer about the new construction. Ms. Meyer stated that Ameristar's original plan was to have the boat inside the building; however, they have determined that plan would create some design and construction issues. At this point, Ameristar is looking at a variety of plans that would expand the casino floor and maintain their goal of having a one-level gaming facility. Ms. Meyer stated another reason for looking at variations on the original plan is to insure the project comes in on budget, has a predictable timeline for construction, and meets the goal of a one-level casino. She indicated they are moving forward with the coffer dam plans.

Hearing no comments or questions for Ms. Meyer, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of IWRA/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino as an excursion boat that will not cruise, the contracts contained within the license renewal and the additional contracts. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-25)

Chair Cutler called on IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel. John Payne, Central Division President for Harrah's Entertainment, advised that the Central Division consists of 12 casinos in 4 states – Mississippi, Louisiana, Missouri and Iowa. Mr. Payne introduced Mark Osterhaus, current Assistant General Manager, and Bo Guidry, who will serve as the new General Manager, at Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park in Council Bluffs pending regulatory approvals. Mr. Guidry currently serves as the General Manager at Harrah's Saint Louis, Missouri property.

Mr. Payne advised the Commission that Harrah's is instituting three new initiatives that tie in with previous discussions about bringing more patrons to the Iowa casinos. They are:

- Bring 10-20 chartered flights from various cities (i.e., Wichita, Dallas, and Chicago) into Council Bluffs during the summer time for the concert series at Stir Cove. In previous years, 17 concerts have been held; this year they are planning 30.
- Continue their commercial seat block program where Harrah's purchases commercial seats on airlines to drive more people onto the Harrah's properties
- Have broken ground on a 153-room hotel, a Hilton Garden Inn, in partnership with Kinseth Hospitality. They hope to have the hotel open by New Year's Eve this year.

Commissioner Bair noted that Harrah's gaming revenue and admissions have dropped significantly over the last year. He asked if the decline was due to competition. Mr. Payne, noting the property had only been in his division for three months, stated competition was part of the reason. He advised that the property has been repositioning itself, but stated he has high expectations for it. Mr. Payne stated the Iowa properties are leading his division in EBITDA growth.

Mr. Payne asked Mr. Osterhaus if he had anything to add. Mr. Osterhaus stated that with the Horseshoe expansion, and Harrah's Total Awards Program where customers are shared, the decline at Harrah's has more than been made up for by the increase in numbers at Horseshoe.

Mr. Ketterer noted that in trying to comply with the requirement to utilize Iowa vendors, Harrah's has selected some Iowa vendors to provide services corporate-wide. An example is The Printer, Inc., which provides printing services to Harrah's properties corporate-wide. Mr. Ketterer stated that Isle of Capri has also selected various Iowa vendors to provide services corporate-wide. Commissioner Bair stated that those types of facts help to provide another positive impression of the gaming industry.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal for IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel as an excursion boat

that will not cruise and the contracts contained within the license renewal. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-26)

Chair Cutler called on Scott County Regional Authority (SCRA)/Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Mo Hyder, General Manager, stated that the boat has provided a significant amount of economic impact to the community, especially in terms of good paying jobs, purchases of goods and services, taxes, and not-for-profit contributions. He advised that over the past year IOCB has provided \$78 million in economic impact - \$16 million in payroll and benefits, \$23 million in taxes, and approximately 97% of their purchases are from Iowa vendors. IOCB opened a new \$40 million hotel tower in May 2007, and has been very successful in attracting visitors from other states. Additionally, IOCB is working with the City of Bettendorf to build a convention center at a cost of approximately \$25 million. Mr. Hyder requested approval of the license renewal for IOCB and the following contracts:

- Country Club Coffee – Coffee Products
- Lithographic Communications – Printing, Direct Mail Pieces and Postage

Commissioner Bair noted that the revenue and admissions held pretty steady at IOCB last year, but Rhythm City has declined the last couple of years. He asked Mr. Hyder what factors attributed to the decline.

Mr. Hyder stated that he advised the Commission at the January meeting that both properties have been impacted significantly by the new license within their market. He credited the new hotel for offsetting some of the decline at the Bettendorf property, which has been successful in attracting customers from the Chicago area.

Commissioner Bair asked if IOCB would have competition across the river soon. Mr. Hyder advised that Rock Island Casino is in the process of building a \$150 million land-based facility about five miles from their current facility.

Hearing no further comments or questions for Mr. Hyder, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Scott County Regional Authority/Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf as an excursion boat that will not cruise and the additional contracts. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-27)

Chair Cutler called on Riverboat Development Authority (RDA)/IOC Davenport, Inc. d/b/a Rhythm City Casino (RC). Mr. Hyder, General Manager of RC, introduced Mary Ellen Chamberlin, President of RDA. She commenced her comments by noting that the Davenport operation is the oldest continuous operational license in Iowa's riverboat industry. From 1991 – 2006, RDA has received income of \$43,733,601 and has distributed funds to 343 non-profit agencies, 17 cities, 2 counties and 4 school districts. Ms. Chamberlin stated that RDA's program is focused on specific areas – City of

Davenport, Public Safety, education, the Greater Quad City area, youth service agencies, parks and playgrounds, downtown Davenport and the area from Locust Street to the river. She stated that the original debate for river cities to have casinos was to rebuild cities that had suffered economically due to the loss of industries, causing the core city to decline. She advised that a majority of downtown Davenport was either demolished or boarded up 15 years ago. Ms. Chamberlin stated that 55% of the \$43 million dispersed by RDA has been spent in the area from Locust Street to the river. Of that percentage, approximately \$16 million has been spent on downtown Davenport. Davenport has been named one of Iowa's Great Places. Ms. Chamberlin stated that RDA looks forward to continuing to work with the City of Davenport on the revitalization of the city. She stated that any study should not only reflect the economic advantage to a new community, but also any economic shortfall to those communities who have been in the gaming industry for a period of time. She advised the Commission that various team members from RC volunteer or serve on various boards within the community. Ms. Chamberlin concluded her remarks by requesting the approval of the license renewal application.

Mr. Ketterer asked for an update on the facility. Ms. Chamberlin stated that she spoke to Virginia McDowell, Chief Operating Officer of IOC, prior to the press release. She indicated there is much to be learned yet about the re-branding process. She believes that Davenport will more than likely end up in the Lady Luck portfolio. Ms. Chamberlin stated that she assured Ms. McDowell that RDA looked forward to working with them to determine the best manner to maximize the value of the license.

Mr. Hyder advised that Bernie Goldstein, President and Chief Executive Officer (CEO) of IOC, retired for the second time. Jim Perry, a veteran of the gaming industry, has been appointed the new CEO. He stated part of the company's strategy is look at the brand itself, and reposition the two brands to meet specific market needs.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of RDA/IOC Davenport, Inc. d/b/a Rhythm City Casino as an excursion boat that will not cruise. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-28)

Chair Cutler called on Washington County Riverboat Foundation, Inc. (WCRF)/Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (Riverside). Dan Kehl, CEO, introduced Tim Putney, President of the WCRF, and Joe Massa, General Manager at Riverside.

Mr. Putney requested the Commission's support of the license renewal application for Riverside.

Mr. Massa indicated the license renewal does not contain any information out of the ordinary, but did point out that Riverside would be changing from a moored barge to a gambling structure. He stated there would be no adjustments needed to the physical facility to accomplish the change.

Commissioner Bair, noting the facility opened on August 31, 2006, asked when the golf course opened. Mr. Massa advised that it was August 1, 2007. Commissioner Urban asked when the course would open this year. Mr. Massa indicated April 1 if the snow is gone.

Commissioner Bair asked Mr. Massa how he sees the property doing in 6-12 months. Mr. Massa stated Riverside has experienced a slight growth in their gaming revenues, as well as in some of the auxiliary activities. He indicated they expect another bump in those figures when the golf course opens up for its first full season this year. Mr. Massa advised that Riverside will continue to work to grow the gaming revenue, but are relying more and more on revenues from the other activities to help the bottom line.

Chair Cutler asked about the golf program for the veterans. Mr. Massa advised that the first group has completed the program, and the interest expressed by the veterans is fantastic. They have received phone calls from other areas of the country seeking input on the program. Mr. Kehl stated there were 17 in the first class that will be coming back in for a refresher this month, and the second group of 25 will start their classes this month as well. He indicated there is a waiting list for the program; but there is only so much time that the Professional Golf Association professionals and staff can dedicate to the program. The hope is that some paid professionals can be put on staff to help with the program.

Mr. Massa presented the following contracts for Commission approval:

- Culvers Lawn and Landscape – Snow Maintenance Contract
- Hawkeye Sports Properties, LLC – Marketing & Advertising Contract
- LodgeNet Entertainment Corporation – Interactive Information and Entertainment Services

Hearing no further comments or questions for Mr. Kehl, Mr. Putney or Mr. Massa, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Washington County Riverboat Foundation, Inc./Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort as a gambling structure, the contracts contained within the license renewal and the additional contracts. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-29)

Chair Cutler called on Black Hawk County Gaming Association (BHCGA)/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo. Kim Hardy, General Manager, introduced Beth Knipp, Executive Director of BHCGA, who advised the Commission that BHCGA has a good relationship with the Isle, and that they have lived up to all of the commitments and promises made to the Commission and community when the license was granted. Ms. Knipp stated that to date over \$5.3 million has been distributed to Black Hawk County and the surrounding counties. With the funds available through BHCGA, the Cedar Valley is now able to implement a number of municipal and community projects. She noted that projects have been funded in 6 different counties and

20 different communities. Ms. Knipp concluded her remarks by asking for the Commission's support of the license renewal application.

Hearing no comments or questions for Mr. Hardy or Ms. Knipp, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of BHCGA/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo as a gambling structure. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-30)

Chair Cutler called on Clarke County Development Corporation (CCDC)/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort (Lakeside). Damon Butler and Bill Trickey, General Manager of Lakeside and Executive Director of CCDC respectively, were present to answer any questions. Mr. Butler stated that Lakeside has paid over \$12 million in payroll and benefits, in excess of \$12 million to the State plus an additional \$287,000 to the Gamblers Treatment Program, \$287,000 each to the City of Osceola and Clarke County and just over \$862,000 to CCDC in 2007. He stated that gaming revenue was in excess of \$57 million, total revenue exceeded \$74 million, and hotel occupancy continues to be strong at 92%. Fuel revenues exceeded \$550,000 with over 2.9 million gallons of gas pumped. Mr. Butler stated that over 1 million patrons came through the doors. Economic impact to the City of Osceola and CCDC is now in excess of \$2.3 million, over \$50 million in goods, services and taxes in the Buy Iowa program, or 95.3%. Mr. Butler stated that Lakeside is committed to the community.

Commissioner Bair asked how long the property has been operated by Terrible's. Mr. Butler stated Terrible's took over the property in February 2005. Commissioner Bair, noting revenues saw a spike in 2006 and then leveled off last year, asked if Mr. Butler expected revenues to settle somewhere in the middle. Mr. Butler stated there have been several moving targets impacting Lakeside's revenue since Terrible's assumed ownership – PMR&C's table games expansion, their own regrouping and the capital infusion into the property, and then the additional licenses and expansions of existing properties. During 2006, the focus was to get the property back on the map, expose people to the Terrible's product and show off the remodeled property. For 2008, Mr. Butler indicated the first quarter should end up OK, despite the weather. Regarding any possible expansion of gaming, Mr. Butler suggested the Commission study needs to take into account the recent \$111 million expansion at the Meskwaki Casino, and look at any long term effect it will have on the gaming industry.

Commissioner Urban asked when the hotel was built. Mr. Butler advised it was built in 2000 with the facility.

Mr. Ketterer noted a discrepancy in the amount distributed by the non-profit between the license application and the handout that was just distributed. The license application indicates non-profit distributions of \$168,000, and the handout states \$810,000. Mr. Butler stated that he would like to do some verifying of the number contained in the license renewal, but indicated that CCDA has a two-prong program – the Pillar Grants

and community projects. The Pillar funds are distributed to other non-profit organizations via an application process; while the community project funds are funds earmarked for annual payments over a number of years. He stated that he believes the number set forth in the license application is the funds for the Pillar Grants only. CCDA also has what they call discretionary funds, which have been used to assist a child care program. Mr. Ketterer asked Mr. Butler to provide the Commission with a reconciliation of the numbers.

Hearing no further comments or questions for Mr. Butler, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Clarke County Development Corporation/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort as an excursion boat that will not cruise. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-31)

Chair Cutler called on Worth County Development Authority (WCDA)/Diamond Jo Worth, LLC d/b/a DJW. Mr. Aviles introduced Kim Miller, Executive Director of WCDA, as well as other board members in attendance. Ms. Miller stated that WCDA did a mini-economic impact study for Worth County. She advised that WCDA would be holding their bi-annual awards banquet at 7:00 PM on April 16th at the casino property.

Mr. Aviles stated that DJW is the poster child of economic studies gone wrong, and advised that he would answer any questions concerning the license renewal application.

Commissioner Bair asked when DJW started their expansion. Mr. Aviles indicated it was about a year after they opened, or around April 2007. Commissioner Bair asked about revenue figures, noting it would be difficult to compare revenue figures for the two years. Mr. Aviles advised that DJW has been pleased with the numbers following the expansion. He noted the Northwood area has been hit with severe weather on a consistent basis since November. Mr. Aviles stated that in 35 years in the gaming industry, he has never had to close a casino; however, when the State closes I-35, he has to close the casino.

Hearing no further comments or questions for Mr. Aviles, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Worth County Development Authority/Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure and the contracts contained within the license renewal. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-32)

Chair Cutler called on Dubuque Racing Association (DRA)/Peninsula Gaming Company, LLC (PNG) d/b/a Diamond Jo (DJ). Natalie Schramm, Chief Financial Officer (CFO) for PNG, introduced Todd Moyer, the new General Manager in Dubuque. Mr. Moyer has 18 years of experience in the gaming industry, most recently as the Senior Vice President of Marketing for Trump, as well as several other marketing positions at various gaming properties.

Mr. Moyer congratulated Mr. Wentworth on his 23 years in the gaming industry. Mr. Moyer presented the license renewal application and a contract with American Trust & Savings Bank to finance the FF&E for the expansion of the Dubuque facility for the Commission's approval. Karen Beetem, DJ Administrative Assistant, distributed copies of a new sales kit for the new Diamond Jo property under construction. The facility will be 180,000 square feet, and the casino floor will be 35,000 square feet. Mr. Moyer advised that 80% of the project is dedicated to non-gaming amenities, which they feel is the key to growing the gaming market in Dubuque. In addition to the casino floor, the project includes a fine dining restaurant, a 30-lane bowling center, a live action station buffet, a sports bar, over 5,000 square feet of convention and catering facilities, and a 3-level multi-purpose theater.

Commissioner Bair asked if DJ had any competition to the east before reaching Chicago. Mr. Moyer indicated the closest competition was in the western suburbs of Chicago.

Hearing no further comments or questions for Mr. Moyer, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of Dubuque Racing Association/Peninsula Gaming Company, LLC d/b/a Diamond Jo as an excursion boat that will not cruise initially, as a gambling structure upon completion of the new facility, the contracts contained within the license renewal and the additional contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-33)

Chair Cutler called on Missouri River Historical Development, Inc. (MHRD)/Belle of Sioux City, L.P. d/b/a Argosy Casino Sioux City (Argosy). Kees Eder, General Manager, and Mark Monson, Chair of MHRD, were present to address the license renewal application.

Mr. Monson invited the Commission to hold a meeting in Sioux City, noting that it has been quite some time since the Commission came to Sioux City. They would like to host a meeting at the new Betty Strong Encounter Center, which was opened in December. Commissioner Hamilton asked about lodging. Mr. Monson advised there was a new hotel being built right next door to the Center on the riverfront.

Mr. Monson stated that Argosy has been a great corporate citizen in Woodbury County. MHRD and Argosy each funded a Habitat for Humanity home in 2005, are now doing scholarships and partnerships, and are cleaning up the river. He noted that Argosy is a well-run company and is very easy to work with. Mr. Monson stated that his point of reference was the most recent gaming referendum, which passed with 75% of the voters voting in favor of continuing gaming in the county. Mr. Monson requested the Commission's support of the license renewal application.

Mr. Eder presented a contract with IGT for anticipated purchases of slot machines and parts.

Commissioner Bair asked when the new boat came to Sioux City. Mr. Eder advised it arrived in 2004. Commissioner Bair noted that based on the Commission's reports, Argosy is one of the few properties who saw an increase in revenues in 2007 and a slight drop in admissions. He asked what advice Mr. Eder could share with the other properties. Mr. Eder indicated Argosy had a good third quarter, while the fourth quarter was impacted by the weather. He also believes admissions are being impacted by economic concerns.

Hearing no further comments or questions for Mr. Eder, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of Missouri River Historical Development, Inc./Belle of Sioux City, L.P., d/b/a Argosy Casino Sioux City as an excursion boat that will not cruise, the contracts contained within the license renewal and the additional contract. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-34)

Chair Cutler called on Upper Mississippi Gaming Corp./Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette (IOCM). Barron Fuller, General Manager, touched briefly on Isle of Capri's recent announcement that they would be bringing the Lady Luck brand back to Iowa. He indicated the local patrons are excited; that the Lady Luck brand is a better fit for the Marquette property.

Mr. Fuller noted that during the previous two Commission meetings, he has sought approval for outside hotel rooms. He advised that Marquette is in the initial phase of bringing in hotel developers to look at sites in the city. He presented a contract with All Star Promotions for marketing redemptions. Mr. Fuller requested the Commission's support of IOC Marquette's license renewal application.

Commissioner Bair, referring to revenue numbers and the possible hotel, asked what Mr. Fuller saw for the property in the next five years. Mr. Fuller stated that IOCM hopes things have bottomed out, noting that increased competition, the economy and weather have all played a part. He stated that IOCM has been able to increase the amount of patronage from Wisconsin. Commissioner Bair asked the percentage of outside Iowa versus Iowa patronage. Mr. Fuller advised 61% of the customers come from outside Iowa, with the majority coming from Wisconsin.

Commissioner Bair asked if it was possible to have the facilities indicate the percentage of outside Iowa patrons versus Iowa patrons in their annual audits. Mr. Ketterer asked Mr. Fuller if they track the information through the Player's Club. Mr. Fuller answered in the affirmative, noting they look at the information on a monthly basis. He indicated that if the smoking legislation passes without the exception for the casinos, the Wisconsin casinos would have a huge competitive advantage. The largest amount of Wisconsin revenue comes from La Crosse, an hour away; however La Crosse is also an hour away from the Ho Chunk Casino.

Hearing no further comments or questions for Mr. Fuller, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Upper Mississippi Gaming Corp./Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette as an excursion boat that will not cruise and the additional contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-35)

Chair Cutler called on Southeast Iowa Regional Riverboat Commission (SIRRC)/Catfish Bend Casinos II, L.C. d/b/a Catfish Bend Casinos II (CBC). Gary Hoyer, President and CFO of CBC II, introduced Dr. Larry Smith, President of SIRRC, and Jerry Baum, General Manager. Mr. Hoyer noted that SIRRC was a joint venture that started in 1989 with the cities of Burlington, Ft. Madison and Keokuk in Des Moines County. SIRRC served as the model for regionalism and cooperation between the entities. Mr. Hoyer stated that CBC has enjoyed a great relationship, and support, from SIRRC. He noted that the entities have recently had to make some tough decisions, namely, closing the Ft. Madison facility.

Mr. Hoyer advised that Mr. Ketterer requested that he address the closing of the Ft. Madison facility, the financial performance, as well as other issues. Mr. Hoyer stated that he appeared before the Commission in November 2007 seeking approval of a new agreement that allowed CBC to close the casino facilities in Ft. Madison, a necessity at the time to improve the financial performance. Mr. Hoyer stated that following months of negative cash flow and operating losses the company is in the midst of a turn-around with February being the first month of positive cash flow since July 2007 – the first month the new facility was open. He stated that positive cash flow is budgeted for the remainder of the year; a significant fact as CBC's cash flow requirements under their debt structure increased in 2008. Mr. Hoyer stated that CBC has been able to improve revenues and reduce expenses to get their financial house in order. He stated that the positive change in CBC's financial performance is attributable in part to the closing of the Ft. Madison facility, stronger marketing efforts, stronger revenues, and tough expense reductions and decisions. Mr. Hoyer stated CBC is confident about the future, and feel they have turned the corner.

Mr. Hoyer advised that Mr. Ketterer had specifically requested that he address the issue of the 200 Ft. Madison employees. When the request to close Ft. Madison was made, Mr. Hoyer informed the Commission that CBC would make every effort to do the reduction through attrition. He reported that only 41 employees were terminated instead of 200. Those employees have been eligible for rehire – some have returned and some have found other jobs. Mr. Hoyer stated that CBC is currently hiring additional employees, and the current workforce is just under 300 at CBC, and over 550 company-wide at Great River Entertainment (GRE).

When the decision was made to close the Ft. Madison facility, GRE entered into an agreement with Ft. Madison and Lee County to pay them \$25,000 per month and \$5,000 per month respectively in addition to the SIRRC and boarding fees, and gaming taxes. These payments were agreed upon by the parties to help eliminate revenue loss to the city

and county as a result of CBC going to a single operation. Mr. Hoyer stated that GRE and CBC remain committed to Lee County, and look forward to the day when they can reopen a casino operation in the county.

Mr. Hoyer advised that Morgan Stanley Mortgage Capital Holdings has offered some new loan terms in an effort to help improve the company's financial performance over the next 3 years. The new loan agreement is in front of the Commission for approval. Mr. Hoyer indicated the agreement is essentially the same as the existing loan in terms of amount and interest rate, but it does provide CBC an opportunity to improve their cash flow, and provides the lender greater flexibility in administering the loan in house without participations. The details of the restructured loan are included in the materials before the Commission.

Mr. Hoyer advised that GRE and CBC continue to work with the economic development groups in southeast Iowa to actively promote the entire region to help keep the communities and counties they serve viable and prosperous.

Hearing no comments or questions for Mr. Hoyer, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Southeast Iowa Regional Riverboat Commission/Catfish Bend Casinos II, L.C. d/b/a Catfish Bend Casinos II as a gambling structure and the additional contract. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-36)

Chair Cutler called on Clinton County Community Development Association (CCDA)/Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton. Tim Bollmann, General Manager, advised that the CCDA usually distribute funds in two cycles of scholarship grants for 7 schools in Clinton County. They were able to increase the number of distributions to three this year, and will be awarding a total of 21 scholarships. Mr. Bollmann advised that construction on the new facility has been challenging, but still hope to have it open by early to mid summer.

Mr. Bollmann informed the Commission that the Mississippi Belle II vessel has been purchased by an excursion boat operator who is in discussions with the City about offering dinner excursions from Moline, Illinois to Clinton.

Mr. Bollmann advised that the facility is transitioning from the Mississippi Belle II name to Wild Rose Clinton with the new property. He presented the following contracts for Commission approval:

- AVI Systems – Purchase and Installation of Audio and Visual Systems for New Facility
- Gaming Partners International – Purchase of Gaming Tables, Chips and Gaming Equipment for New Facility
- Triple Point Solutions – Provide Hardware and Support for IT Infrastructure at New Facility

- VSR Industries – Provide Slot Bases and High Security Locks for New Facility
- Kincaid Furniture Company, Inc. – Purchase Furnishings, Fixtures and Equipment for Hotel Rooms
- Gasser Chair Company – Purchase of Casino and Bar Seating

With regard to the Kincaid Furniture Company contract, Mr. Bollmann advised that Scott Krambeck is the son of the Executive Vice President and General Counsel, Jim Krambeck. Scott Krambeck is a manufacturer's representative for Kincaid Furniture. Mr. Bollmann stated that while the two individuals are related, Wild Rose Clinton does not believe the contract meets the requirements for the interpretation of a related party transaction. The contract is the result of the architect working directly with the manufacturer since the furniture is being custom-made. The younger Mr. Krambeck just happens to be the manufacturer's representative out of Denver.

Chair Cutler asked if the contract was part of a bid process since it is with an out-of-state vendor. Mr. Bollmann reiterated his earlier statement that the contract originated through the architect, and their ability to work directly with certain vendors to obtain the custom materials at a substantial cost savings. He noted that he included information to that effect with the transaction approval form.

Commissioner Seyfer asked Mr. Bollmann for an explanation on the contract with Gasser Chair Company. Mr. Bollmann reiterated that the contract was again initiated through a relationship via the architect, and the selection was made based on timing, cost factors, color specific materials and that getting the chairs to the facility within budget and on time were major considerations. He indicated that with the delays in construction, Wild Rose is looking at paying overtime in order to meet construction deadlines while remaining within budget constraints.

Commissioner Seyfer asked if additional bids were received. Mr. Bollmann stated that he did receive two other bids, but they were from out-of-state vendors as well.

Commissioner Urban inquired as to the name of the architect. Mr. Bollmann advised that it was Ed Munson and Associates from Las Vegas, the individuals who made the presentation to the Commission a year and a half ago when the project was first presented to the Commission.

Mr. Ketterer advised Mr. Bollmann that the Commission was contacted by the owner of Midwest Casino Supply about the opportunity to participate in the purchasing process of chairs, and indicated in his correspondence that no one would respond to his inquiries or provide him an opportunity to participate in the process. Mr. Bollmann advised that the company could not provide the type of material that was provided as a spec item. Mr. Bollmann stated that he would contact Midwest Casino Supply, and follow-up with the Commission. Mr. Ketterer pointed out that the individual advised the Commission that he has been a vendor with several other casinos in the state, and would have liked the opportunity to be considered here. Mr. Bollmann stated that when he spoke with the

owner of Midwest Casino Supply, he also made that desire very clear to him as well. Mr. Bollmann stated that Wild Rose, as an Iowa company, tries to utilize as many Iowa vendors as possible, but also needs to operate on a fiscally responsible basis.

Commissioner Bair noted that the Commission pushes hard for the facilities to utilize Iowa vendors, and expressed an interest in seeing further explanation as to why this Iowa vendor was not given the opportunity to participate in the bidding process for the gaming chairs for the Wild Rose Clinton facility.

Hearing no further comments or questions for Mr. Bollman, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Clinton County Community Development Association/Wild Rose Clinton, L.L.C d/b/a Wild Rose Clinton as an excursion boat that will not cruise, a gambling structure upon the completion of the new facility, the contracts contained within the license renewal and the additional contracts. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-37)

Chair Cutler called on Palo Alto County Gaming Development Corporation (PACGDC)/Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg. Tom Timmons, Vice President of Operations for Wild Rose Entertainment, advised that several members of the PACGDC were present earlier, but had to leave for meetings with legislators. He stated that PACDGC just held their second grant award program and distributed grants totaling \$1.5 million to 78 of the 90+ groups that applied for funds. Mr. Timmons requested the Commission's approval of the license renewal application.

Commissioner Bair asked if the situation with the Palo Alto County Assessor's Office regarding the casino assessment had been straightened out and the status of proposed development projects by Wild Rose Entertainment. Mr. Timmons advised that the owners of the casino hold many other investments in Emmetsburg – an apartment complex, the golf course, and some lakefront property, and because of the perceived assessed valuations that were being handed down, the owners decided to put any additional development of those properties on hold until the assessment issue is settled. The matter has been sent to the State Appeal Board, final briefs were filed on Monday of this week, and the parties are awaiting the decision of the Board.

Commissioner Bair asked if the action of the owners could be considered a leverage issue; that if the assessment is right they will proceed with the developments. Mr. Timmons indicated the owners would wait to see how they are treated. He indicated he is not involved with that side of the company, and can't really speak for the owners. He pointed out that the total commercial valuation for Palo Alto County was approximately \$50 million, and the original assessment of the casino was \$24 million, or approximately 48% of the total commercial valuation in 1 property. Mr. Timmons stated that when a comparison study was done as to how the other casinos were being assessed, they requested to be treated in the same manner. He stated it's not that they are refusing to

pay the taxes; they just want to be treated fairly. The owners do not want to be perceived as having deep pockets.

Commissioner Bair asked Mr. Timmons what he sees in the future regarding additional development. Mr. Timmons advised that the two suites were developed on the fourth floor of the hotel with seven empty spaces in between. Those suites were originally designed to be condominiums; however, due to the assessment issue, those spaces have been changed to suites, which are available to the owners and other patrons of the hotel/casino. The other seven spaces remain undeveloped at this time. With regard to development at the casino, Mr. Timmons advised that the water under the gaming floor was removed prior to winter weather setting in; however, they were unable to get the dike built. He indicated the project will continue when the weather permits. No additional development has been projected at this time; they are still in Phase 2 of the original project. Mr. Timmons noted that the Emmetsburg property is one of the newer properties and are still in the process of seeing where that property will settle; there is only so much gaming in the area – most of the roads are two lane and Emmetsburg is one of the smallest towns to receive a license.

Hearing no further comments or questions for Mr. Timmons, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Palo Alto County Gaming Development Corporation/Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg as a gambling structure and the contracts contained within the license renewal. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-38)

Chair Cutler moved to Administrative Business, and called on Mr. Ketterer regarding the Notice of the Horse Promotion Fund. He advised that the application would be available on the Commission's website. Applications for the available funds of \$4,123.29 are due in the Commission's Des Moines office by close of business on April 7, 2008. The Legacy Harness Horse Foundation, the recipient of the funds last year, must submit a written accounting of how their FY2007 funds were utilized and additionally, submit an affidavit stating that none of the funds were spent on any political activity or an attempt to influence legislation.

Chair Cutler moved to the second item under Administrative Business – Personnel. Chair Cutler stated that Commission members met in Executive Session to discuss Mr. Ketterer's evaluation. She requested a motion. Commissioner Seyfer, based on the information contained in the evaluation report prepared by Chair Cutler after receiving input from Commission members, moved that the Commission recommend to Governor Culver that the salary of the Administrator of the Iowa Racing & Gaming Commission be increased by 5%. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-39)

Chair Cutler thanked Mr. Ketterer for his hard work. Mr. Ketterer thanked Chair Cutler for her remarks. He pointed out that beginning last September half of the Des Moines

staff from previous years was no longer there due to retirements or changes in employment. Since that time, with the addition of the new casinos and expansions at others, the Des Moines staff has seen an increased demand on their time. Mr. Ketterer stated that the team that has been put together has exceeded his expectations in performance and there is a spirit of cooperation in the office. He expressed appreciation for the staff's work, and recognized the following staff members in attendance: Lauren Welch, Hilary Brown, and Barb Blake.

Hearing no further business to come before the Commission, Chair Cutler requested a motion to adjourn. Commissioner Bair so moved. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK